

**Ukiah Electric Utility
Renewable Energy Resources Procurement Plan
Per Senate Bill 1x 2**

Approved by the Ukiah City Council: December 7, 2011

INTRODUCTION

This document presents the Renewable Energy Resources Procurement Plan of the Ukiah Electric Utility (Ukiah), as required for compliance with Senate Bill (SB) 1X 2. This legislation, which was enacted in the 2011-2012 First Extraordinary Session of the Legislature, modifies the state's renewable portfolio standard (RPS) program and sets forth new RPS requirements applicable to publicly owned utilities (POUs). Ukiah, as a POU, is covered under the new legislation. Pursuant to Public Utilities Code § 399.30(a), each POU must adopt and implement a renewable energy resources procurement plan (referred to herein as the "RPS Procurement Plan"). In addition to the development of an RPS Procurement Plan, SB 1X 2 requires POUs to adopt and implement a separate program for the enforcement of the RPS Procurement Plan by January 1, 2012.¹ Ukiah's enforcement program is not addressed in this document, but rather, in a separate report.

Ukiah's RPS Procurement Plan, as reflected in Sections 1-13 below consists of: (1) plan elements that are directly mandated by the legislation; (2) measures that address each of the optional provisions set forth in §399.30(d); and (3) RPS reporting provisions. Where appropriate, this RPS Procurement Plan includes section citations to the legislation.

1. Purpose (§ 399.30(a))

In order to fulfill unmet long-term generation resource needs, Ukiah adopts and implements this RPS Procurement Plan that requires the utility to procure a minimum quantity of electricity products from eligible renewable energy resources, including renewable energy credits, as a specified percentage of Ukiah's total kilowatt hours sold to its retail end-use customers, each compliance period, to achieve the targets specified in SB 1X 2.

2. Compliance Periods (§ 399.30(b))

- A. Compliance Period 1: January 1, 2011, to December 31, 2013, inclusive.
- B. Compliance Period 2: January 1, 2014, to December 31, 2016, inclusive.

¹ Pursuant to § 399.30(e), POUs must adopt a "program for enforcement" of the RPS Procurement Plan on or before January 1, 2012, at a publicly noticed meeting with not less than 30 days prior notice given to the public.

- C. Compliance Period 3: January 1, 2017, to December 31, 2020, inclusive.
- D. Annual Compliance Periods: Annually after 2020.

3. **Procurement Targets of Renewable Energy Resources for Each Compliance Period (§§ 399.30(c) (1) and (2))**

- A. During Compliance Period 1, January 1, 2011 to December 31, 2013, Ukiah shall procure renewable energy resources equivalent to an average of at least twenty percent (20%) of retail sales.
- B. By the end of Compliance Period 2, December 31, 2016, Ukiah shall procure renewable energy resources equivalent to at least twenty-five percent (25%) of retail sales.
- C. By the end of Compliance Period 3, December 31, 2020, Ukiah shall procure renewable energy resources equivalent to at least thirty-three percent (33%) of retail sales.
- D. Commencing on December 31, 2021, and annually thereafter, Ukiah shall procure renewable energy resources equivalent to at least thirty-three percent (33%) of retail sales.

The procurement targets listed above are minimum requirements. The City Council may determine that a higher percentage of renewable energy resources is appropriate in any given compliance period.

The method used to determine the actual renewable energy resource percentage achieved for a given calendar year shall be to: (i) sum the total metered generation from each of Ukiah's eligible renewable resources and qualifying purchases in Megawatt hours (MWh) during the preceding calendar year, (ii) subtract sales, if any, of eligible renewable resources during the same time period, and (iii) divide the result by the total energy sold to Ukiah's retail end-use customers (in MWh) in the same time period.

4. **Reasonable Progress Towards Meeting Compliance Period Targets During Intervening Years (§§ 399.30(c) (1) and (2))**

- A. By December 31, 2014, Ukiah shall demonstrate that it is making reasonable progress towards ensuring that it shall meet the twenty-five percent (25%) RPS target by 2016.
- B. By December 31, 2015, Ukiah shall demonstrate that it is making reasonable progress towards ensuring that it shall meet the twenty-five percent (25%) RPS target by 2016.

- C. By December 31, 2017, Ukiah shall demonstrate that it is making reasonable progress towards ensuring that it shall meet the thirty-three percent (33%) RPS target by 2020.
- D. By December 31, 2018, Ukiah shall demonstrate that it is making reasonable progress towards ensuring that it shall meet the thirty-three percent (33%) RPS target by 2020.
- E. By December 31, 2019, Ukiah shall demonstrate that it is making reasonable progress towards ensuring that it shall meet the thirty-three percent (33%) RPS target by 2020.

5. Procurement Requirements – Definitions for Content Categories (§399.30(c) (3))

Ukiah's RPS Procurement Plan shall consist of procurement Content Categories that meet the criteria for the following eligible renewable energy resource electricity products:

- A. Content Category 1 (consistent with § 399.16(b) (1)): Resources in this category shall either:
 - (A) Have a first point of interconnection with a California balancing authority, have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source. The use of another source to provide real-time ancillary services required to maintain an hourly or sub-hourly import schedule into a California balancing authority shall be permitted, but only the fraction of the schedule actually generated by the eligible renewable energy resource shall count toward this portfolio content category.
 - (B) Have an agreement to dynamically transfer electricity to a California balancing authority.
- B. Content Category 2 (consistent with § 399.16(b) (2)): Resources in this category shall include firmed and shaped eligible renewable energy resource electricity products providing incremental electricity and scheduled into a California balancing authority.
- C. Content Category 3 (consistent with § 399.16(b)(3)): Resources in this category shall include eligible renewable energy resource electricity products, or any fraction of the electricity generated, including unbundled renewable energy credits, that do not qualify under the criteria of Content Category 1 or Content Category 2.
- D. Grandfathered Resources (§ 399.16(d)): Any contract or ownership agreement originally executed prior to June 1, 2010, shall count in full towards the procurement requirements, if all of the following conditions are met:

(1) The renewable energy resource was eligible under the rules in place as of the date when the contract was executed.

(2) Any contract amendments or modifications occurring after June 1, 2010, do not increase the nameplate capacity or expected quantities of annual generation, or substitute a different renewable energy resource.

(3) The duration of the contract may be extended if the original contract specified a procurement commitment of fifteen (15) or more years.

(4) "Eligible renewable energy resource" means an electrical generating facility that meets the definition of a "renewable electrical generation facility" in Section 25741 of the Public Resources Code, subject to the following: (C) A facility approved by the governing board of a local publicly owned electric utility prior to June 1, 2010, for procurement to satisfy renewable energy procurement obligations adopted pursuant to former Section 387, shall be certified as an eligible renewable energy resource by the Energy Commission pursuant to this article, if the facility is a "renewable electrical generation facility" as defined in Section 25741 of the Public Resources Code. (§ 399.12(e) (1) (C)).

Resources procured prior to June 1, 2010 shall be counted for RPS compliance without regard to the limitations on the use of each portfolio Content Category as described in Section 6.

6. Procurement Requirements – Quantity for Content Categories (§ 399.30(c) (3), § 399.16(c) (1) and (2))

- A. Compliance Period 1 Procurement Requirements: For Compliance Period 1, Ukiah shall procure not less than fifty percent (50%) of the eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 from Content Category 1, and not more than twenty-five percent (25%) from Content Category 3.
- B. Compliance Period 2 Procurement Requirements: For Compliance Period 2, Ukiah shall procure not less than sixty-five percent (65%) of the eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 from Content Category 1, and not more than fifteen percent (15%) from Content Category 3.
- C. Compliance Period 3 Procurement Requirements: For Compliance Period 3, Ukiah shall procure not less than seventy-five percent (75%) of the eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 from Content Category 1, and not more than ten percent (10%) from Content Category 3.

- D. Annual Procurement Requirements After 2020: Beginning in calendar year 2021 and annually thereafter, Ukiah shall procure not less than seventy-five percent (75%) of the eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 from Content Category 1, and not more than ten percent (10%) from Content Category 3.

7. **Excess Procurement** (§ 399.30(d) (1), §399.13(a) (4) (B))

Ukiah shall be allowed to apply excess procurement (Excess Procurement) from one compliance period to subsequent compliance periods as long as the following conditions are met:

- A. Ukiah may accumulate, beginning on January 1, 2011, Excess Procurement from one Compliance Period to be applied in any subsequent Compliance Period.
- B. In calculating the quantity of Excess Procurement, Ukiah shall deduct from actual procurement quantities, the total amount of procurement associated with contracts of less than ten (10) years in duration.
- C. Eligible resources must be from Content Category 1 or Content Category 2 or Grandfathered Resources to be Excess Procurement.
- D. Resources from Content Category 3 shall not be counted as excess procurement.

8. **Waiver of Timely Compliance** (§ 399.30(d) (2), § 399.15(b) (5))

- A. Waiver of Timely Compliance: Enforcement of timely compliance shall be waived if Ukiah demonstrates that any of the following conditions are beyond Ukiah's control, and will prevent timely compliance:
 - 1. *Inadequate Transmission* (§ 399.15(b)(5)(A)): There is inadequate transmission capacity to allow for sufficient electricity to be delivered from Ukiah's proposed eligible renewable energy resource projects using the current operational protocols of Ukiah's Balancing Authority, the California Independent System Operator (CAISO). In making its findings relative to the existence of this condition, Ukiah's deliberations shall include, but not be limited to the following:
 - (i) Whether Ukiah has undertaken, in a timely fashion, reasonable measures under its control and consistent with its obligations under local, state, and federal laws and regulations, to develop and construct new transmission lines or upgrades to existing lines intended to transmit electricity generated by eligible renewable energy resources. In

2. Require a demonstration that all reasonable actions within Ukiah's control have been taken to ensure compliance in order to grant the waiver (§ 399.15(b) (7)).
 - C. Prior Deficits: In no event shall deficits from prior compliance periods be added to future compliance periods (§ 399.15(b) (9)).
9. **Cost Limitations for Expenditures** (§ 399.30(d) (3), § 399.15(c))
- A. Cost Limitations for Expenditures: Ukiah, at its sole discretion, may elect to establish cost limitations for all eligible renewable energy resources used to comply with the renewables portfolio standard. Any such cost limitations will be developed consistent with §399.15(c). Ukiah shall review the need for cost limitations as part of the annual review process described in Section 12.
10. **Exclusive Control** (§399.30(m)): In all matters regarding compliance with the RPS Procurement Plan, Ukiah shall retain exclusive control and discretion over the following:
- A. The mix of eligible renewable energy resources procured by Ukiah and those additional generation resources procured by Ukiah for purposes of ensuring resource adequacy and reliability.
 - B. The reasonable costs incurred by Ukiah for eligible renewable energy resources owned by it.
11. **Reporting** (§ 399.30(f), § 399.30(g), § 399.30(l))
- A. Deliberations on Procurement Plan (§399.30(f)):
 1. *Public Notice*: Annually, Ukiah shall post notice of meetings if the Council will deliberate in public regarding this RPS Procurement Plan.
 2. *Notice to the California Energy Commission (CEC)*: Contemporaneous with the posting of a notice for such a meeting, Ukiah shall notify the CEC of the date, time and location of the meeting in order to enable the CEC to post the information on its Internet website.
 3. *Documents and Materials Related to Procurement Status and Plans*: When Ukiah provides information to the Council related to its renewable energy resources procurement status and future plans, for the Board's consideration at a noticed public meeting, Ukiah shall make that information available to the public and shall provide the CEC with an electronic copy of the documents for posting on the CEC's Internet website.
 - B. Annual Report to CEC regarding Contract Execution (§399.30(g))

1. Annually, Ukiah shall submit a report to the CEC regarding procurement contracts executed during the prior year.
2. Ukiah's annual report to the CEC regarding contract execution shall include all of the following:
 - a. A description of the eligible renewable energy resource, including the duration of the contract or electricity purchase agreement.
 - b. A description and identification of the electrical generating facility providing the eligible renewable energy resource under the contract.
 - c. An estimate of the percentage increase in Ukiah's total retail sales of electricity from eligible renewable energy resources that will result from the contract.

C. Report to CEC and Customers (§399.30(l))

1. Annually, Ukiah shall provide a report to the CEC and customers regarding renewable resources.
2. Ukiah's annual report to the CEC regarding renewable resources shall include all of the following:
 - a. Expenditures of public goods funds collected pursuant to Section 385 for eligible renewable energy resource development, including programs descriptions, expenditures, and expected/actual results.
 - b. The resource mix used to serve its customers by energy source.
 - c. Ukiah's status in implementing the renewables portfolio standard pursuant to § 399.30(a) and Ukiah's progress toward attaining the standard following implementation of the RPS Procurement Plan.

12. Program Review

Ukiah's RPS Procurement Plan shall be reviewed by the Council in accordance with Ukiah's "Renewable Portfolio Standard Enforcement Program."

13. Plan Modifications/Amendments

This RPS Procurement Plan may be modified or amended by an affirmative vote of the Council during a public meeting. Any Board action to modify or amend the plan must be publicly noticed in accordance with Section 11.

**CITY OF UKIAH
RESOLUTION NO. 2011-53
APPROVAL OF THE CITY OF UKIAH'S
RENEWABLE ENERGY RESOURCE PROCUREMENT PLAN**

WHEREAS, on April 12, 2011, the Governor of the State of California signed Senate Bill 2 of the First Extraordinary Session (SB 1X 2) into law; and

WHEREAS, SB 1X 2 states the intent of the Legislature is that the amount of electricity generated per year from eligible renewable energy resources be increased to an amount that equals at least 20% of total electricity sold to retail customers in California per year by December 31, 2013 and at least 33% by December 31, 2020; and

WHEREAS, in compliance with Public Utilities Code Section 399.30(a), each publicly owned utility, including City of Ukiah Electric Utility, must adopt and implement a renewable energy resources procurement plan (RPS Procurement Plan) that requires the utility to procure minimum quantities of electricity products sourced from eligible renewable resources, expressed as a percentage of total kilowatt-hours sold to the utility's retail end-use customers during each of three compliance periods;

WHEREAS, in compliance with SB 1X 2, City of Ukiah Electric Utility staff developed an RPS Procurement Plan based on a model plan drafted by the Northern California Power Agency; and

WHEREAS, the RPS Procurement Plan, among other things: defines compliance periods, includes minimum renewable procurement targets for each compliance period, defines renewable procurement content categories, establishes certain exemptions from timely compliance due to qualifying mitigating circumstances consistent with SB 1X 2, and requires annual review for purposes of assessing compliance; and

WHEREAS, City of Ukiah Electric Utility has provided not less than 30 days' public notice of the proposed adoption of the RPS Procurement Plan.

NOW, THEREFORE, BE IT RESOLVED that the Ukiah City Council hereby approves City of Ukiah Electric's Renewable Energy Resource Procurement Plan.

BE IT FURTHER RESOLVED, that the Renewable Energy Resources Procurement Plan shall be effective January 1, 2012.

PASSED AND ADOPTED by the City of Ukiah Council on December 7, 2011 by the following roll call vote:

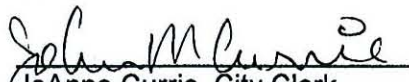
AYES:

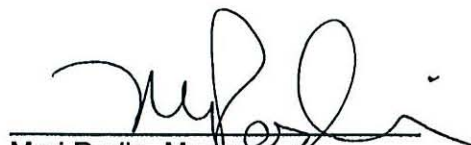
NOES:

ABSTAIN:

ABSENT:

Attest


JoAnne Currie, City Clerk


Mari Rodin, Mayor